

ORDER NO. 2549

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton;  
Ruth Y. Goldway; and  
Nanci E. Langley

Competitive Product Prices  
Global Expedited Package Services Contracts  
Non-Published Rates

Docket No. MC2015-55

Competitive Product Prices  
Global Expedited Package Services Contracts  
Non-Published Rates 5 (MC2015-55)

Docket No. CP2015-83

NOTICE AND ORDER CONCERNING THE ADDITION OF GLOBAL EXPEDITED  
PACKAGE SERVICES–NON-PUBLISHED RATES CONTRACT 7 TO THE COMPETITIVE  
PRODUCT LIST

(Issued June 22, 2015)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, and Order No. 2513,<sup>1</sup> the Postal Service filed a formal request and associated supporting information to add Global Expedited Package Services–Non-Published Rates Contract 7 (GEPS–NPR 7) to

---

<sup>1</sup> Docket Nos. MC2015-23 and CP2015-65, Order Approving Changes in Prices and Model Contract and Adding Redesignated Global Expedited Package Services–Non-Published Rates 6 to the Competitive Product List, May 27, 2015 at 7-8 (Order No. 2513).

the competitive product list.<sup>2</sup> The Postal Service states the addition of GEPS–NPR 7 to the competitive product list is necessary due to its creation of both a Management Analysis of the Prices and Methodology for Determining Prices for Negotiated Service Agreements under Global Expedited Package Services–Non-Published Rates 7 (GEPS–NPR 7 Management Analysis), and an accompanying financial model that revises the previously filed GEPS–NPR 6 Management Analysis and its financial model. Request at 2-3.

To support its Request, the Postal Service filed the following attachments:

- Attachment 1, an application for non-public treatment of materials filed under seal;
- Attachment 2A, a redacted version of Governors' Decision No. 11-6;
- Attachment 2B, a revised version of the Mail Classification Schedule section 2510.8 GEPS–NPR;
- Attachment 2C, a redacted version of GEPS–NPR 7 Management Analysis;
- Attachment 2D, Maximum and Minimum Prices for Priority Express Mail International (PMEI), Priority Mail International (PMI), and Global Express Guaranteed (GXG);
- Attachment 2E, the certified statement concerning the prices for applicable negotiated service agreements under GEPS–NPR 7, required by 39 CFR 3015.5(c)(2);
- Attachment 3, a Statement of Supporting Justification, which is filed pursuant to 39 CFR 3020.32; and
- Attachment 4, a redacted version of the GEPS–NPR 7 model contract.

In a Statement of Supporting Justification, Giselle Valera, Managing Director and Vice President, Global Business, asserts the product is designed to increase efficiency of the

---

<sup>2</sup> Request of the United States Postal Service to Add Global Expedited Package Services–Non-Published Rates 7 (GEPS–NPR 7) to the Competitive Product List and Notice of Filing GEPS–NPR 7 Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, June 19, 2015 (Request).

Postal Service's process, as well as enhance its ability to compete in the marketplace. Request, Attachment 3 at 1. She contends GEPS–NPR 7 belongs on the competitive product list as it is part of a market over which the Postal Service does not exercise market dominance,<sup>3</sup> is not subsidized by market dominant products, covers costs attributable to it, and does not cause competitive products as a whole to fail to make the appropriate contribution to institutional costs. Request at 1, 3.

The Postal Service included a redacted version of the GEPS–NPR 7 model contract with the Request. *Id.* Attachment 4. The Postal Service represents the GEPS–NPR 7 model contract is a slight modification of the GEPS–NPR 6 model contract approved by the Commission in Order No. 2513. Request at 4.

The Postal Service represents it will notify each GEPS–NPR 7 customer of the contract's effective date no later than 30 days after receiving the signed agreement from the customer. *Id.* Attachment 4 at 4. Each contract will expire the later of one year from the effective date or the last day of the month which falls one calendar year from the effective date, unless terminated sooner. *Id.* The Postal Service represents that the contract is consistent with 39 U.S.C. 3633(a). Request at 4, 8; *id.* Attachment 3.

The Postal Service filed much of the supporting materials, including an unredacted model contract, under seal. Request, Attachment 1. It maintains that the redacted portions of the materials should remain confidential as sensitive business information. Request at 4. This information includes sensitive commercial information concerning the incentive discounts and their formulation, applicable cost coverage, non-published rates, as well as some customer-identifying information in future signed agreements. *Id.* The Postal Service asks the Commission to protect customer-identifying information from public disclosure for ten years after the date of filing with the Commission, unless an order is entered to extend the duration of that status. *Id.* at 11.

---

<sup>3</sup> The Postal Service claims it does not exercise sufficient market power to set the price of PMEI, PMI, and GXG substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. *Id.* at 3-4; 39 U.S.C. 3642(b).

## II. NOTICE OF COMMISSION ACTION

The Commission establishes Docket Nos. MC2015-55 and CP2015-83 to consider the Request pertaining to the proposed GEPS–NPR 7 product and the related model contract, respectively.

The Commission invites comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than June 29, 2015. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Lyudmila Y. Bzhilyanskaya to serve as Public Representative in these dockets.

## III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket Nos. MC2015-55 and CP2015-83 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Lyudmila Y. Bzhilyanskaya is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).
3. Comments are due no later than June 29, 2015.

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove  
Secretary